



INTERNAL AUDIT AUDIT FINDINGS FOLLOW-UP ANNUAL REPORT

December 15, 2003

Roanoke City Council Audit Committee
Roanoke, Virginia

We have completed our findings follow-up audit for fiscal year 2003. This audit was conducted in accordance with generally accepted government auditing standards.

BACKGROUND

Generally accepted government auditing standards require auditors to follow-up on all significant findings and recommendations to determine whether the areas audited have taken timely and appropriate corrective actions. Continued attention to significant findings and recommendations is necessary to ensure that the organization realizes the full benefits of the audit process.

In order to effectively monitor progress on findings and recommendations, our department maintains a database of audit findings included in our public reports. Each year we print a report of all outstanding findings due to be implemented by a specified target date in the current year. We notify by memo those departments with outstanding findings and ask that they respond back to us about their progress towards resolving their findings. Once the departments respond, we schedule site visits so that we can observe any changes they've implemented and test the effectiveness of those changes. Those findings that have been satisfactorily addressed are marked as such in our database and require no future review. Those findings that are not fully implemented are not marked in the database and will continue to appear on future follow-up reports.

PURPOSE

The purpose of this audit is to determine the progress management has made in implementing their planned actions to address outstanding audit findings.

SCOPE

There were seventeen audit areas that had outstanding audit finding due to be addressed by June 30, 2003 or earlier.

METHODOLOGY

As described in the background above, we use a database to track the status of all reported audit findings. We perform limited observation and test work to determine the effectiveness of actions taken by management in response to audit findings. We review any on-going concerns with management, revise implementation plans and dates as needed, and prepare a written report.

RESULTS

The following audit areas have implemented the agreed upon plans that were due to be implemented by June 30, 2003.

- The Fire/EMS department is reviewing fuel reports for anomalies on a monthly basis.
- Transportation has changed the sign at the Viaduct lot to indicate that weekend parking is free.
- The Department of Billings and Collections has removed the requested users from the security tables.
- Utility Lines Services' fuel tanks were in compliance with the Department of Environmental Quality regulations.
- Sheriff's Department has addressed issues relating to inmate lodging and the jail's account structure has been modified to better identify sources and uses of funds.
- Department of Technology ensured that the appropriate modifications were made to Administrative Procedure 5.8 and 7.10. Administrative Procedure 5.8 addresses cellular phone use. Administrative Procedure 7.10 includes a reimbursement rate and a minimum reimbursement amount for personal calls.
- Social Services has implemented Harmony, an automated data collection system. A subcommittee of the Roanoke Interagency Council has been established to determine how Harmony can be utilized to control costs and monitor the effectiveness of treatment.
- Fleet Management is entering accurate open, start, and finish times into MCMS.
- Planning, Building, and Development is adequately monitoring zoning exceptions for home businesses.
- Checks written from the Retirement Fund appear reasonable and proper.
- A purchasing card audit was completed in September 2003 that cleared all of the findings from the June 2002 audit report. These findings were related to exceeding established transaction limits, split purchases, lack of itemized receipts, and expenditures being improperly coded to the proper accounts.
- The Operations Center has revised the media center agreement with an additional line for the users to sign when they return the equipment. There is also a section that states it is the user's responsibility to remove any files that have been created on the equipment. In addition Operations has made the necessary RACF profile changes for users and the operation support staff are running reports that list password resets performed during their shift.

- The Department of Technology has started to produce an annual inventory report for the departments, so the departments can verify their inventory and make any necessary updates.
- The Civic Center has implemented procedures to address the inventory control issues noted in the original finding. We were unable to test inventory counts due to scheduling conflicts; however the inventory process will be tested in future financial audits of the Civic Center.

The following audit areas have made significant progress towards implementing their plans, but have some portion of their plans remaining to be implemented. The status of implementation in these departments is summarized below:

Accounts Payable:

Original Finding: Over \$37,000,000 was spent using payment vouchers. Of this figure, over \$6,700,000 (18.13%) was spent on fees for professional services. Analysis of this account showed that at least \$1,150,000 was spent with vendors in arrangements that were basically service contracts. Our analysis indicated that 3 of 10 (30%) sample cancelled check transactions for City of Roanoke (excluding schools) were cancelled due to duplicate payment of a vendor via Payment Voucher after a Procurement Card was charged for services.

Follow Up: Administrative Procedure 3.4 has been revised effective July 1, 2003 to limit the use of payments vouchers to specific items. The accounts payable staff has been processing the payment vouchers while corresponding with the department on implementing the correct procedures. October 31, 2003 was the cutoff date for processing payment vouchers not in compliance with the new policy. Auditing will follow up on this finding next year; this will allow a sufficient amount of time to elapse to compile enough data to test.

Fire/EMS – Inspections:

Original Finding: In 20 of 40 facilities sampled, the Fire Marshal's office is not meeting stated goals relating to intervals between inspections. Goals were developed in the spring of 2000 after reorganization. It was expected to take a few years to fully meet goals.

Follow Up: Test work indicates that the Fire Marshal's office is not meeting their stated goal with regard to intervals between inspections. The Fire Marshall's office is in the process of implementing a new software system, Red Alert, which will allow the inspections to be recorded as they occur.

Department of Technology – Operations Center:

Original Finding: During our test work we noted that the CSSD030A reports were not retained for six months as dictated by department policy (October, November, and most of December's reports were missing). We also noted that the CSSD030A reports did not list all of the modules released to production.

Follow Up: The CSSD030A reports are being stored in the laser vault; however test work indicates that the CSSD030A reports still do not list all of the modules released to production.

Parks & Recreation – Part-time Payroll:

Original Finding: We selected 64 employee time sheets to review and verify if each employee was paid according to a completed and approved time sheet. We found that all 64 employees were paid according to the approved time sheets. However, in seven cases the time recorded as worked differed from that originally budgeted and was not adequately explained on the time sheet.

Follow Up: Test work indicates that the budgeted hours were not consistently filled out on the time sheets. The variances between budgeted and approved hours were not consistently documented.

We would like to thank the management and staffs of all the departments involved for their cooperation in completing this review.

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